

March 23, 2017

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Dignity Health
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Fetzer Vineyards
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L'Oreal
Mars Incorporated
Nestle
New Belgium
Brewing
Nike, Inc.
The North Face
Outdoor Industry
Association
Owens Corning
Patagonia
Portland Trail
Blazers
Seventh Generation
Starbucks
Stonyfield Farm
Symantec
Timberland
Unilever
VF Corporation
Vulcan, Inc.

***Bold indicates
companies based
in California***

Mary Nichols
Chairman
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Re: Comments on 2017 Climate Change Scoping Plan Update

Dear Chairman Nichols:

On behalf of major U.S. businesses representing over \$400 billion in annual revenue, we appreciate the opportunity to provide comments on California's *2017 Climate Change Scoping Plan Update (Scoping Plan)* released on January 20, 2017. We strongly support an extension of the Cap-and-Trade program with declining caps as a centerpiece of California's post-2020 climate strategy as outlined in the *Scoping Plan's* "Proposed Scoping Plan Scenario" (Proposed Scenario). Additionally, we write to request that the Air Resources Board (ARB) commit to strengthening a number of transportation programs identified in the Scoping Plan, including extending and strengthening the Low Carbon Fuel Standard (LCFS) and strengthening the Zero Emissions Vehicle (ZEV) program post-2025.

Business for Innovative Climate and Energy Policy (BICEP) is a coalition of leading businesses, including many California-based companies such as Levi Strauss & Co., eBay, Autodesk, and Dignity Health. BICEP members recognize the economic opportunities associated with tackling climate change and the costs of inaction. We are committed to working with policymakers to pass meaningful energy and climate legislation and regulation that will help the nation rapidly transition to a low carbon, 21st century economy.

We applaud ARB staff for recommending the extension of the Cap-and-Trade program as a key policy in the *Scoping Plan's* Proposed Scenario. The program has a four-year track record of successful compliance and has proven an excellent backstop for the state's greenhouse gas (GHG) mitigation program ensuring California meets AB 32's climate goals. The "cap" on emissions ensures a firm and declining limit on climate pollution and the "trade" allows business compliance to be achieved in the most cost-effective way possible. With increasingly ambitious goals, the use of the most economically efficient policy is paramount for California businesses. Additionally, continuing the use of current policy provides regulatory consistency that is critical for California businesses regulated under the program. Furthermore, extending California's Cap-and-Trade program allows for the continuation of existing international partnerships, supports future linkages, and will serve as a model for effective carbon pricing nationally and internationally; the facilitation of climate action

outside of California is a key goal of the state's climate program.

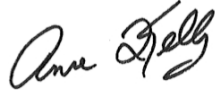
While strongly supportive of the Proposed Scenario's inclusion of Cap-and-Trade, we encourage the ARB to adopt a *Scoping Plan* that contains stronger, more ambitious transportation policies and goals. Strong complementary transportation policies, like the LCFS and the ZEV program, work in tandem with the Cap-and-Trade program and are critical for driving innovation. Specifically, BICEP supports the inclusion of following transportation policies:

- Extending GHG standards for light duty vehicles beyond 2025: GHG emissions standards are not only an effective tool for reducing emissions associated with the transportation sector, but also save consumers money, which benefits the broader economy. The standards also have significant public health benefits, and reduce our dependence on oil.
- Extending the LCFS to 2030 with as aggressive a target as feasible: The Proposed Scenario's recommendation of an 18% reduction in carbon intensity by 2030 fails to properly leverage a critical mitigation policy that has driven investment and job creation across the state. According to ARB staff analysis, a reduction in fuel carbon intensity of 25% compared to a reduction of 18% results in an additional 1MMT CO₂e reduction. Given the importance of the LCFS in reducing carbon emissions and promoting fuel diversity, ARB staff should comprehensively analyze the feasibility and benefits of requiring a 25% reduction in carbon intensity by 2030.
- Commitment to strengthening the ZEV program: We support ARB staff recommendations outlined in the *Summary Report* for the Midterm Review of the Advanced Clean Cars program. Recognizing that the current ZEV program structure will not achieve requisite ZEV penetration by 2030, we encourage ARB to adopt a *Scoping Plan* that commits the state to strengthening the ZEV program post-2025.
- More ambitious goals for electrification of heavy-duty trucks and buses: The adopted *Scoping Plan* should commit to strengthening the Mobile Source Strategy to drive increased electrification of heavy-duty vehicles and include goals for zero emission freight vehicles and equipment by 2030.
- Addressing the impact of autonomous vehicles: The adopted *Scoping Plan* should commit ARB staff to evaluate the potential impact of autonomous vehicle (AV) technology and to identify strategies to minimize emissions associated with AVs. Staff recommendations should prioritize policies that ensure AVs are built on ZEV platforms, and ensure that the use of AVs doesn't result in an increase in Vehicle Miles Traveled and emissions.

Our support for a strong *Scoping Plan* is firmly grounded in economic reality. We know that tackling climate change is one of America's greatest economic opportunities of the 21st century and we applaud California's leaders for taking steps to help the state seize that opportunity. California's pioneering climate program is driving significant economic investment throughout the state; to date, \$1.4 billion of revenue from the Cap-and-Trade program's Greenhouse Gas Reduction Fund has been awarded to projects throughout California. And with \$614 million invested in projects benefiting disadvantaged communities, Cap-and-Trade program proceeds are benefiting Californian communities across the state.

As successful American businesses, we know the importance of recognizing and seizing opportunities. We strongly support ARB staff's recommendations in the *Scoping Plan's* Proposed Scenario to extend California's Cap-and-Trade program with declining caps through 2030. We also encourage inclusion of our recommendations to adopt the transportation policies cited above in order to ensure that the state reaches its 2030 GHG reduction goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Anne Kelly". The signature is fluid and cursive, with the first name "Anne" and last name "Kelly" clearly distinguishable.

Anne Kelly

Director, Business for Innovative Climate & Energy Policy (BICEP)